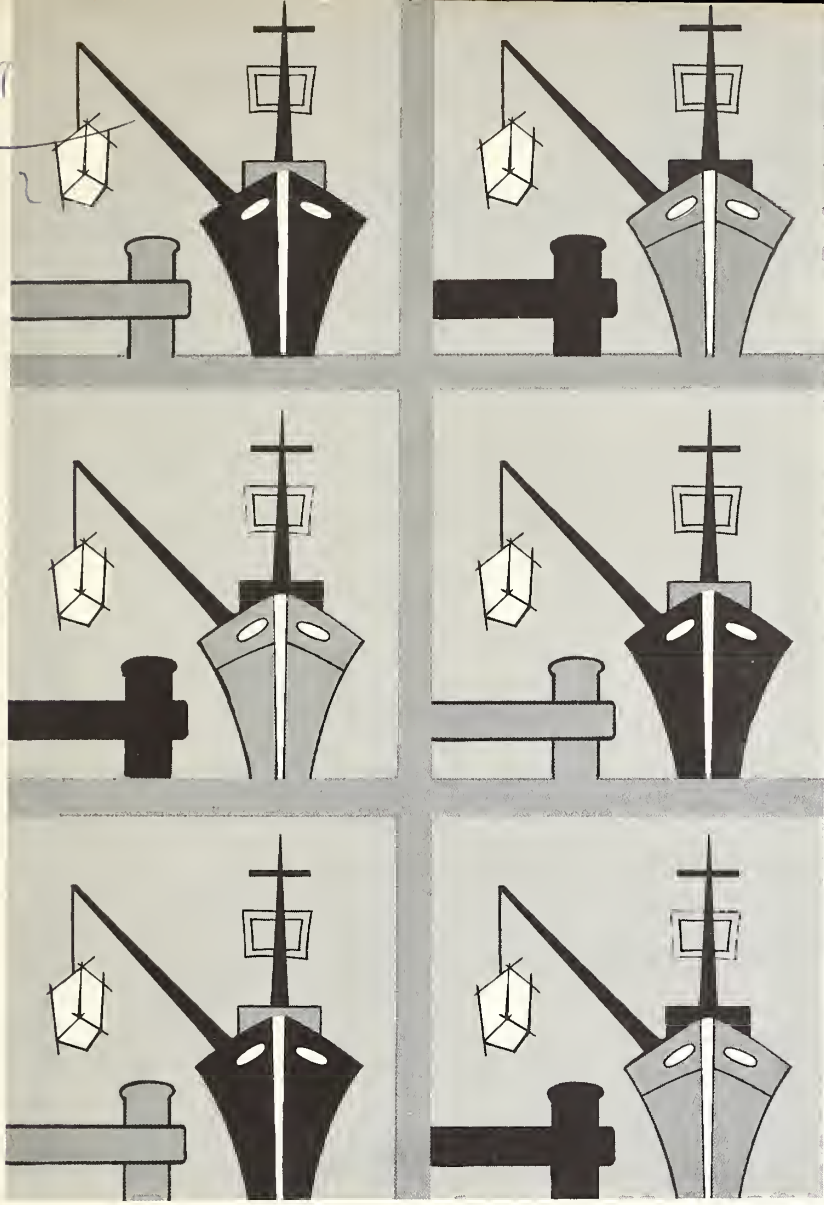

JANUARY 4, 1965

WORLD FOOD TRADE, 1970

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TO STRESS LIVESTOCK

HOW EEC BEEF AND CATTLE
REGULATIONS OPERATE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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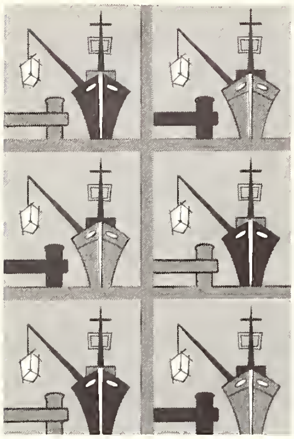

Our cover this week symbolizes the world's food trade, which is also the theme of our lead article on the opposite page.

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WORLD FOOD TRADE, 1970

By that year world food exports are expected to be 37 percent greater than they were in 1960, while those from the U.S. are expected to be up 50 percent.

By JAMES J. NAIVE
Foreign Regional Analysis Division
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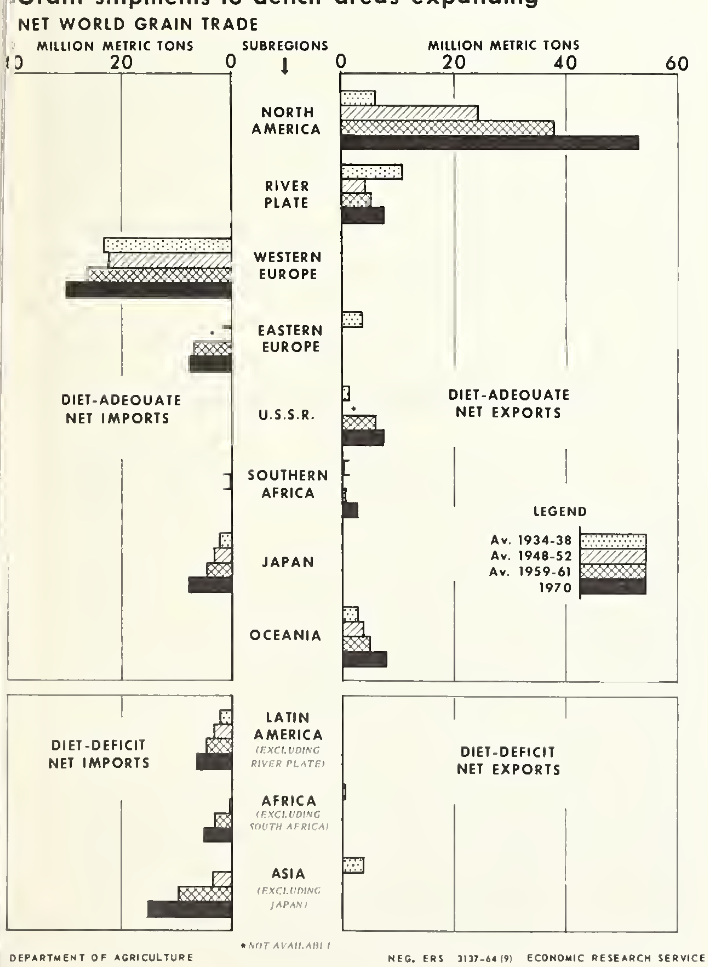
Grain shipments to deficit areas expanding



International trade, historically, has been important in the supply and distribution of food commodities. It is an avenue without which consumption in some countries would fall below adequate levels, and consumption in other countries would lack variety or quality. It is open most often to those customers that have the means to buy and sell under normal commercial terms, whereas world trade may have limited access to countries with insufficient purchasing power and where consumption is often below adequate levels.

In 1959-61, average world food exports were in the order of $15.8 billion. For 1970, world food exports are projected to increase 37 percent over the 1959-61 level. With this gain, it is anticipated that world food trade will assume a greater role in combating food shortages that have been evident in certain areas of the world.

The United States will share in this role. U.S. food exports for 1970 are projected to increase 50 percent above the 1959-61 level—from $3.2 billion to $4.8 billion. About $1.8 billion of this total is projected to be shipped under government-financed programs, as compared with $1.2 in 1959-61, with an increasing proportion going to countries where diets are inadequate.

World food needs measured

These facts are reported in "The World Food Budget—1970," a study prepared by the U.S. Department of Agriculture's Economic Research Service. The world food budget measures the requirement for food in the past (1959-61) and in the future (1970) against the availability of food.

This report is, in a sense, a world balance sheet of the inflow and outgo of food commodities. The national average food consumption of 92 countries—covering 94 percent of the world's population—is compared to nutritional reference standards that represent minimum physiological requirements for normal activity and health, plus 10-12 percent allowance for waste between the retail level and consumption. The countries are then classified as diet-adequate or diet-deficit, depending on whether or not food availability in 1959-61 was above or below nutritional reference standards.

The diet-adequate area of the world encompasses the United States, Canada, Mexico, the southern part of South America, Europe—including the USSR—Japan, Oceania, and South Africa. The diet-deficit area is made up of Asia—except Japan and Israel—all but the southern tip of Africa, the northern part of South America, and almost all of Central America and the Caribbean.

Diet-adequate area

The diet-adequate area mostly includes countries that have attained the highest levels of economic development. This is reflected in the average diets which exceed the nutritional reference standards. With the means to produce exportable supplies of goods, these countries have been able to enjoy the comparative advantages of international trade.

The diet-adequate area dominates world food trade and should continue to do so in the foreseeable future. In 1959-61, it accounted for 73 percent of world food exports and 80 percent of world food imports; projections for 1970 indicate that the area's share of food trade will remain at the comparable high levels of 74 percent of total exports and 76 percent of total imports.

On the basis of per capita gross food trade, the predominance of the diet-adequate area in world trade is even more striking: In 1951-61, the value was $10.50 per capita and for 1970, it is projected at $12.80, as compared to $2.20 and $2.40 for the diet-deficit area. Furthermore, the value of per capita gross food imports for the adequate area was $11.50 in 1959-61 and is projected at $12.20 in 1970, whereas the comparable values for the deficit area are only $1.70 and $1.90.

Diet-deficit area

The striking change that has occurred in the pattern of world food trade in recent years is the general shift of the diet-deficit area away from a net export position, a trend which is expected to continue through the decade of the 1960's. Traditionally, except for a few countries which have had a large export surplus in petroleum and minerals, many countries of the deficit area have depended on net exports of agricultural commodities—non-food as well as food—to pay for nonagricultural imports. In other countries the consumption of some food commodities, such as sugar and bananas, has been at high levels, with a balance still available for export.

This shift has resulted primarily from two basic factors: Increased food consumption, and the failure of food production, particularly grains, to keep up with population growth. Projections for 1970 indicate that food exports of the deficit area will increase 31 percent over the 1959-61 average but that this will more than be offset by an increase of 45 percent in food imports.

Shift in grain trade

This trend is best exemplified by recent developments in the world grain trade, which bears little resemblance to that of 1934-38. In the earlier period the diet-deficit area was a net grain exporter. Asia and Africa, two of the three deficit regions, were net exporters. The diet-adequate area was a net grain importer, with imports of Western Europe and Japan offsetting exports of the six other adequate regions. By 1948-52 the net grain trade position of the deficit area had reversed, and all diet-deficit regions were net importers. The net trade position of the adequate area had also reversed; it was now a net grain exporter, primarily because of the greatly expanded exports of North America.

This shift is expected to continue during the current decade. Net grain imports of the diet-adequate area for 1970 are projected at 26.6 milion metric tons, 54 percent above the 1959-61 level. Projected with this rise is an accompanying increase in 1970 of net grain exports of the diet-adequate area.

The 1970 projections are heavily conditioned on the premise that there will be no change in U.S. policy on food aid—one of the basic assumptions of "The World Food Budget." On this basis, net grain exports of the United States in the 1960 decade are projected to increase from 28.1 million metric tons in 1959-61 to 43.0 million metric tons in 1970.

Narrowing the nutritional gap

The change in the world's grain trade raises the question as to whether food imports can fill or narrow the "nutritional gap" of the diet-deficit area.

The projections of "The World Food Budget" indicate that in the 1960-70 decade there will be some improvement in per capita consumption of the diet-deficit area and that much of the improvement will result from changes in trade. Nevertheless, in 1970 the total cost of the food deficit is estimated at $6.8 billion (Communist Asia alone is responsible for 62 percent). To bridge that projected food deficit through expanded trade, therefore, would require an increase in food imports of 148 percent—from a projected level of $4.6 billion to $11.4 billion.

It would be possible to narrow the $6.8 billion nutritional gap through increased food imports under certain conditions. But to achieve these conditions, as foreseen in "The World Food Budget," it will be necessary to overcome several formidable roadblocks that are deterrents to the expansion of trade.

These barriers include: (1) Foreign trade policies such as tariffs and nontariff controls that are usually implemented to protect domestic production, to raise revenue, to regulate the flow of scarce foreign exchange, or to enhance national security; (2) faulty distribution systems that restrict the movement of foods to consumers; and most importantly (3) the low level of per capita income in the deficit area that limits the purchase of food imports under normal commercial terms.

Detour around barriers

It is unlikely that these obstacles can be hurdled in the near future. Policies are generally rigid and difficult to negotiate; economic development is a long-term proposition.

But there is one route that might be used to a greater extent as a detour around the roadblocks to expanded food trade—namely, food aid in the form of concessional sales from the major food exporters. This not only contributes to the direct improvement of diets but can also be an aid to economic development by preventing food prices from rising excessively or enabling the conservation of scarce foreign exchange for development purposes. Expanded world food aid would not fill the nutritional gap completely, but could narrow it substantially.

"The World Food Budget—1970" may be obtained without charge from the Division of Information, OMS, Room 0417, U.S. Department of Agriculture, Washington, D.C. 20250.

Spain Foresees Larger Cotton Imports

Spain's reduced cotton crop for the 1964-65 season could mean substantially larger imports than recorded in recent years—a setback to its efforts aimed at closing the consumption-production gap.

Production in 1964-65 is now forecast at about 345,000 bales—a decline of 22 percent from the 440,000 bales produced in 1963-64. To meet consumption needs of 510,000 bales for the current season, Spanish Government and trade officials are placing imports close to the 100,000-bale mark, 40,000 more than in 1963-64.

The Ministry of Agriculture's previous optimistic estimates for the current cotton crop did not materialize. A 25-percent reduction in planted acreage—the result of farmer dissatisfaction with prices and rising production costs—coupled with drought, always a hazard in Spain, made for a poor showing this season.

Spain in the last 2 years has been a cash customer for U.S. cotton, buying 14,145 bales of Upland in 1963-64.

These cattle, grazing on good pastures in the Minho region of north Portugal, are typical "Barrosa" cattle, triple-purpose animals used for work, meat, and milk. Tests have indicated that crossbreeding native Portuguese stock with imported breeding stock yields quick results in bigger meat output.

Portugal Plans To Stress Livestock As Meat Deficit Grows

By LARRY F. THOMASSON
U.S. Agricultural Attaché
Lisbon, Portugal

Portugal, where a cultivated agricultural area about the size of Virginia's must support more than 9 million people, is finding it more and more difficult to meet a rising demand for meat products occasioned mainly by increasing per capita consumption, population growth, and tourism. Although domestic meat production has shown a steady increase since the late 1950's, total meat imports have doubled during the same period to a current level of about 10,000 to 12,000 tons annually.

This quantity of imports is still relatively small, representing generally about 7 percent of total meat consumption, or about one-fifth of beef and veal consumption. But it represents also some $6-8 million in foreign exchange annually, and most Portugese agricultural experts would agree that it would be undesirable to continue—or perhaps even increase—these expenditures without making some serious and sizable efforts to augment domestic production. The Portugese Government agrees too, judging by recent official statements.

Official interest in livestock improvements

Earlier this year, in a major speech before the General Assembly on "The National Agricultural Crisis," the Minister of Economy made special reference to meat. "The GOP's internal meat support policy with subsidies," he pointed out, "has already involved total expenditures of about 275 million escudos (slightly under $10 million) with a present annual expenditure of about 80 million escudos (about $3 million)."

Going on to discuss overall agricultural problems, the Minister stated that plans for immediate action on livestock development are completed and will be announced soon. He also mentioned the urgent need for a selective revision of prices, including those of meats, and for the improvement of existing cold-storage facilities and the construction of additional ones.

Only a couple of months before, the Secretary of State for Agriculture had said much the same thing in an official dispatch outlining a program for agriculture. Even more specifically than the Minister, he recommended—in line with the final report of the Work Group named to study the livestock problem—that Landrace and Large White breeding swine be obtained and distributed to farmers in compensation for animals lost from African swine fever. At the same time, he recommended negotiations for the initial purchase of 500 breeding Herefords during 1964 and the beginning of negotiations on purchases of other breeding animals, especially sheep.

The general actions suggested have long been under consideration by various individuals and study groups. Numerous experiments have been carried on with forages and feeds. Tests have been conducted on the crossbreeding of native stock from various regions of Portugal with those from other regions; native stock has also been crossbred with imported Charolais, Herefords, and Santa Gertrudis. These tests have shown, without known exception, that for meat production, crosses of native stock with imported breeder stock of good quality are superior to native breeds or to crosses of them.

Although such tests may not be conclusive evidence, it seems quite likely that increased productivity and efficiency in the use of Portugal's limited resources would be sufficient reasons to encourage substantially expanded use of imported technology. This would appear to offer the quickest possible results in increased meat production, at the least possible cost.

Meat demand outpacing production

Official data show sizable gains in meat production over the average of the late 1950's, but demand is increasing faster. Total meat production in 1963 was below that of either of the 2 previous years, although about 7 percent above the 1956-60 average, roughly corresponding to the growth in population.

Production of beef and veal has increased faster than that of any other meats, exceeding the average production during 1956-60 by 25 percent. Pork production, which

PORTUGAL'S MEAT PRODUCTION

Item	Average 1956-60	1961	1962	1963
	1,000 tons	*1,000 tons*	*1,000 tons*	*1,000 tons*
Beef and veal	39.1	46.3	52.2	49.7
Pork	89.7	94.7	91.8	90.1
Mutton and lamb	17.8	18.8	19.2	18.8
Goat and horse meat	4.6	4.4	4.3	4.4
Total production	151.2	164.2	167.5	163.0
Excluding beef and veal	112.1	117.9	115.3	113.3

PORTUGAL'S IMPORTS OF FROZEN MEAT

Period or year	Quantity	Approximate current value
Average:	*Metric tons*	*Mil. dol.*
1951-55	749	0.45
1956-58	5,173	3.1
Annual:		
1963	10,695	6.4
1964 [1]	13,245	7.9

[1] Purchases through November 25. Includes 2,500 tons of frozen pork.

supplies over one-half of the daily meat consumption, has remained about constant at around 90,000 tons annually in recent years. A principal reason for this lack of growth is believed to be the difficulties encountered in ridding the country of African swine fever. The first serious outbreak of this disease was in 1957, and it is still a grave threat to swine raising. Officially reported losses in recent years have averaged about 50,000 hogs annually, but unofficial estimates of losses are much higher. Production of other meats —except mutton, which has been increasing and now supplies on the average about 11 percent of total meat consumption—has declined, and per capita consumption is only about 2 pounds a year.

Poultry production is still in its infancy, although at least one good-sized broiler establisment is well underway. Average per capita consumption of all poultry meats is estimated at only a little over 2 pounds per year, but consumption is believed to be much higher in the cities and to be increasing. Effective expansion of this industry will require the selection of proper strains, the development of mixed feed facilities, adequate refrigeration, technical knowledge, and favorable prices in comparison with those of other meats.

In planning for the future of the livestock industry, the Portuguese will be taking account not only of population growth but of rising living standards, with the increasing per capita meat demand they bring. Demand will also be augmented by the rapidly increasing number of tourists, with their general tastes for quality foods, their influence on local eating habits, and especially, the money they spend and its contribution to the well-being of the areas in which they concentrate.

Per capita consumption of meat increased from a 1956-60 average of about 42 pounds to 45 pounds in 1962, a gain of over 6 percent. As incomes improve, this rate of increase will very likely accelerate, especially in view of the current low level of per capita food consumption.

Although Portugal is not quite so low in red meat consumption as Spain and Greece, its combined consumption of all meats, fish, and dairy products is the lowest in all Europe and only about one-third as high as that of Northern European countries. This low protein level is, of course, also reflected in the total daily per capita caloric intake, estimated at about 2,500 calories in recent food balances prepared by the U.S. Department of Agriculture. Similar food balance data issued by Portugal's National Institute of Statistics in its latest annual publication gives an almost identical estimate—2,554 calories per day, or 2,740 when wine and beer are included.

Imports of meats, mainly frozen beef, have grown from an average of less than 1,000 metric tons annually a decade ago to a 1963 total of 10,695 tons. Purchases during the first 11 months of 1964 have totaled nearly 11,000 tons in addition to pork purchases of over 2,500 tons, the largest recently recorded.

Increases in total and per capita consumption of all

Left, French-dressed turkeys for retail sale, Lisbon; below stately vendor and live turkey await customers, Porto produce market. Most poultry in Portugal is still sold alive.

food products—especially meat—will undoubtedly sustain this trend in the future unless domestic production can be expanded rapidly enough to meet the growing demands.

The end of 1964 marks the completion of two Six-Year National Development Plans for Portugal. About 9.5 billion escudos ($329 million) were spent in continental Portugal and the offshore islands for the first plan and about 25 billion escudos ($868 million) for the second. About 10½ percent of the expenditures under the first plan and 12 percent of those under the second plan went for agriculture. Beginning in 1962, a specific allotment was set aside for a special livestock development plan, for which a total of 30 million escudos (slightly over $1 million) was allotted through 1964.

The new interim development plan for 1965-67, now under final consideration by the government, would provide considerably larger funds—290 million escudos (about $10 million) for special livestock development plans during the next 3 years, although only about 8 percent of the plan's total expenditures are scheduled for agriculture. Careful execution of these plans would do much to improve domestic livestock production, which now accounts for about one-fourth of agriculture's contribution to Portugal's gross national product.

The success of these efforts will obviously depend on how efficiently and quickly the best available technology can be applied to the current livestock economy. Rapid improvement in livestock output would contribute much to the overall economic growth of Portugal at the same time as it improves internal agricultural resources, raises the farmers' and workers' standard of living, and provides the consumer with increased meat supplies at reasonable and stable prices. Further, it should reduce the current outlays of foreign exchange reserves for meat imports, or at least check the increase now necessary to maintain minimum supplies in retail markets of major towns and cities.

World Expects Smaller 1964-65 Coffee Crop But Adequate Supply

Last Thursday the USDA's Foreign Agricultural Service released its third estimate of the 1964-65 world coffee crop. That crop is now expected to be slightly lower than was estimated in September, owing primarily to a somewhat lower figure for Brazil. However, most of the crop will be of good export quality and, with present stocks, should meet the demand for quality coffees. This adequacy in supply and a leveling off and slight weakening in prices are the principal developments in the world coffee situation since the previous report in the June 29, 1964, issue of *Foreign Agriculture*.

The total 1964-65 world crop is now estimated at 51.9 million bags (800,000 bags below the estimate released by FAS in September), compared with 68.1 million in 1963-64. Correspondingly, the 1964-65 exportable production (which is the difference between total production and domestic consumption) is estimated at 37.6 million bags, compared with 54.1 million in 1963-64. The decline in the 1964-65 world output was due to the smaller crop in Brazil, for minor crop increases in some of the other producing countries, particularly in Africa, were virtually offset by declines elsewhere. One of the largest increases over 1963-64 will be in Angola, where the 1964-65 crop is now expected to be equal to the record crop that country harvested in 1962-63.

Coffee stock buildups in importing countries in the 1963-64 season (which ended Sept. 30, 1964) were not quite so large as had been expected last summer, since world imports in August and September were below earlier expectations. Nevertheless, importers' stocks are still rather large. A part of this buildup reflects a tendency on the part of importing countries to carry larger stocks as consumption increases. The present rather high level of inventories, together with prospects for ample suppliers of the desired types and grades to meet any foreseeable 1964-65 import demand, has taken some of the pressure off prices.

In June of 1964 the average spot price of Brazilian Santos coffee in New York was slightly under 47 cents per pound, having declined from a 50-cent level in March. By December this average price had further declined to 45 cents. African Robusta coffees dropped from their high level of 42 cents in March to 32 cents in December. Average prices of Colombian coffee have remained relatively stable since March. Retail prices of roasted coffee in the United States have leveled off and tended to weaken somewhat since June; the average in the past several months has been slightly under 85 cents per pound for 1-pound cans.

Of major interest and under much discussion in coffee circles during the latter half of 1964 was the failure of the 88th U.S. Congress, in its final session to pass the legislation that would enable this country to fully meet its obligations as an importer member of the International Coffee Organization. The lack of final congressional approval on this enabling legislation has caused great concern among other members of the Organization, who fear that the International Coffee Agreement cannot operate effectively without the full participation of the world's largest consumer.

The United States has acted to still such fears, however, by putting into effect a voluntary system of procedures for complying with its importer obligations under the Agreement. This system involves the reporting of all imports and exports of coffee, either by forwarding certificates of origin or re-export of coffee, or by sending other statistical information which has been voluntarily supplied by exporters and importers. In this way the United States intends to live up to the spirit of the Agreement, pending the reconsideration of the enabling legislation by the first session of the 89th Congress, which opens today.

While it is much too early to make quantitative production estimates beyond the current (1964-65) season, it is significant that the coffee trees damaged by adverse weather in Brazil continue to make good recovery. The 1965-66 Brazilian crop should be over twice the size of the very low current crop. What this, as well as prospective ample supplies in other major coffee countries, will mean in terms of future supplies and price levels will depend to a considerable extent on the operations of the Agreement and on the internal policies and programs of producing countries.

—Alvin Gilbert
Sugar and Tropical Products Division
Foreign Agricultural Service

Asian Countries Now Rank as Best U.S. Wheat Outlet

In the past decade, Asia has become a major outlet for U.S. wheat—a surprising development, in view of its historical position as the world's rice bowl. Rice is still the mainstay of this vast area's diet; but today, the countries of Free Asia include both the biggest U.S. dollar wheat market—Japan—and the biggest taker of U.S. wheat under Public Law 480—India.

In Japan, wheat has long been used for noodles, in batter for fried foods like shrimp, and in industry, for gluten and starch. But along with these traditional uses have come some brand-new ones, to push total Japanese wheat consumption almost 300 percent since World War II—from 30 pounds of flour per capita to 87.

Western-type breads and rolls, introduced on a large scale by the occupation forces, have been encouraged by government school lunch programs and vigorous market promotion. They now account for around 43 percent of total wheat use—about the same share as noodles. The Japanese also like other Western-type bakery products, including fancy cakes, biscuits and crackers, and cookies; and they use many types of mixes.

Japanese wheat favorites: above, rolls that have helped schoolchildren gain in strength; below, dry noodles being packed in plant; right, holiday cakes move down assembly line.

In 1963-64 the United States sold Japan over 2 million metric tons of wheat—about half and half Hard Red Winter (for bread, noodles, and industrial uses) and Soft White (for confectionery and blending in noodle mix).

In India, the major use of wheat has been in chapaties—thin unleavened griddlecakes, eaten especially in the north but widely known elsewhere. Much of the P.L. 480 wheat is used in this way; less than 10 percent goes into Western-type breads. Housewives buy the wheat in small amounts at government-controlled "fair price" shops and grind it at home, or have it ground in village mills, into a coarse meal called atta. This can be used either in chapatties or in tandoori bread, which is oven-baked from a dough containing soda. Tandoori bread is known principally in India's wheat-producing northern areas, but market promotion has helped it gain wide acceptance in the rice-eating south also.

Among other important users of U.S. wheat in Asia are Hong Kong, where donations under P.L. 480 have helped feed the vast refugee population, and the Philippine Republic, which—like Japan—has moved out of the P.L. 480 orbit and become a large commercial market.

The Philippine Republic's commercial wheat purchases in 1963-64, at 520,000 tons, were up sharply from the 1962-63 figure of 370,000. The United States supplied 234,000 tons, or 45 percent. The Republic buys three classes of U.S. wheat—Soft, Hard Winter, and Hard Spring. Principal use is in pan de sal, a hard breakfast roll first introduced by the Spanish some 40 or 50 years ago. The U.S. wheat type used in this product is chiefly Dark Northern Spring, but the Philippine industry is now blending in more Hard Red Winter, since it has learned that gives a large volume for a small weight of dough.

Left, Indian housewives bring their children to watch nutritionist demonstrate the use of wheat products and explain wheat's value in the diet.

Right, refugee grandmother leaves Hong Kong noodle plant with bag full of wet noodles made from U.S. wheat, while a young mother with baby on her back waits turn to obtain her share.

Above, Indian baker has slapped tandoori dough against inside of oven to bake, is removing finished bread; right, day's ration of tandoori bread has been distributed to schoolchildren of village.

How the EEC's Beef and Cattle Regulations Operate

By MARTIN V. GERRITY
Livestock and Meat Products Division
Foreign Agricultural Service

The European Economic Community's common agricultural policy (CAP) for beef, which went into effect November 1, has as its main objectives the unification of beef and cattle prices within the Community and the encouragement of domestic production. These objectives are to be attained through support prices and purchases and through levies on intra-Community and third-country trade in cattle and beef products.

Traditional U.S. exports will not be seriously affected by the new beef CAP. Inedible tallow, hides and skins, and beef casings—the principal beef and cattle items we ship to the EEC—are not included under the new regulations. The common external tariff (CXT) on tallow is bound at 2 percent ad valorem in the General Agreement on Tariffs and Trade, and all types of hides and skins and natural sausage casings are bound duty-free. U.S. exports of these three items to the EEC totaled $48 million in 1963.

Beef variety meats—also important in our trade with the EEC—are included in the new CAP, but they are subject to a 20-percent duty, bound in GATT; therefore, variable levies will not apply to them. Although this rate is considerably above pre-EEC levels, U.S. products are well established in EEC markets and are fully competitive with those of the other large world exporters—Australia, New Zealand, and Argentina. Furthermore, all Common Market countries will be required to remove nontariff barriers they are now imposing on their imports from third countries. Previously, Italy and some other EEC countries closely controlled this trade.

For carcass beef and cattle from the United States, the EEC has not been a sizable market, although some shipments are now taking place and more are expected as long as Europe's cattle prices remain favorable. These are the only items on which variable levies may be applied under the new regulations.

Tariffs, quotas, certificates

The Common Market's imports of cattle and beef from third countries will be controlled in three ways: by the EEC's common external tariffs (CXT's); by quotas and import certificates; and by variable import levies. The variable levies, applicable only to live cattle and to dressed beef and veal, are designed to operate only when cattle prices in EEC member countries fall below specified levels. With most EEC market prices now well over those levels and expected to remain high, variable levies are not expected to be assessed other than for short periods for at least the next year or two. Thus, it is anticipated that customs duties will be the chief measure for regulating imports from third countries during the next few years.

The accompanying table gives the tariffs now in effect for U.S. cattle and beef items in the various EEC countries, and also the CXT's established for these items by the Community. Each Member State is to adjust its tariffs at specified intervals toward the goal of establishing a common external tariff by January 1, 1970.

The regulations provide for an annual tariff quota of 22,000 metric tons of frozen processing beef, on which a 20-percent duty (bound in GATT) is assessed. They also provide that an additional quota may be established for frozen beef imports from third countries to be used in the processing industry, and that the duty may be set lower than 20 percent. On September 22, the EEC Council of Ministers approved an additional quota of 33,000 metric tons of frozen beef for the period November 1, 1964, to December 31, 1964.

TARIFFS ON SELECTED U.S. BEEF AND CATTLE PRODUCTS IN EEC COUNTRIES AND PROPOSED COMMON EXTERNAL TARIFF AS OF JANUARY 1, 1970

Item	Present country tariffs				Common External Tariff
	Italy	France	Benelux [1]	West Germany	
	Percent ad. val.	*Percent ad. val.*	*Percent ad. val.*	*Percent ad. val.*	*Percent ad. val.*
Cattle and calves:					
Slaughter	16	16	11.1	11.8	16
Feeder	4.8	16	11.1	11.8	16
Beef and veal:					
Fresh or chilled	20	6	14.4	20	20
Frozen	20	6	14.4	13	20
Variety meats [2]	20	20	20	20	20
Tallow (inedible)	.6	4.0	.6	.6	2
Hides & skins [2]	0	0	0	0	0
Casings [2]	0	0	0	0	0

[1] Customs Union of Belgium, the Netherlands, and Luxembourg.
[2] Bound in GATT.

Imports of frozen beef from third countries will require the presentation of an import certificate issued by a Member State, plus the posting of a prior deposit that will be forfeited if the shipment is not made within the time specified on the certificate. Member States may also call for certificates on certain other items such as variety meats and various types of sausage. It appears that the import certicates will be issued freely on a nondiscriminatory basis. They are intended to serve as a device for insuring shipment and accurate import records rather than as an additional trade restriction.

Orientation price has two aims

A main element of the new CAP is the *orientation price* (also called target or guide price), to be set yearly for cattle and for calves in each Member State. This price represents what the EEC country feels would be a desirable wholesale price level for cattle or calves. It has two aims—to protect the EEC farmer against prices considered too low and to protect the EEC consumer against severe shortages of beef.

The farmer's interest is protected through government "intervention" on the domestic market. Each Member State has established an intervention price, somewhere between 93 and 96 percent of its orientation price. Whenever the country's average market price for live cattle has remained for 7 successive days below this intervention price, the government may make price support purchases until the market price rises above the intervention level.

The consumer's interest is protected through a provision which states that when domestic beef scarcity pushes the country's average market price 5 percent or more above its orientation price, no levy may be imposed on imports.

How orientation prices are set

For the first 2 marketing years under the regulation, each country is to fix its own orientation price, within upper and lower limits set annually by the EEC Council. Thereafter, until the end of the transition period, the Council will fix the national prices, adjusting them annually so that a common price will be reached by December 31, 1969. Orientation price limits established for the current marketing year (Apr. 1, 1964-Mar. 31, 1965) are as follows: Mature cattle, $23.247-$26.158 per 100 pounds; veal calves, $34.587-$39.123.

The Council set these limits on the basis of the weighted average wholesale price in representative EEC markets for November 1, 1962, through October 31, 1963. This weighted price was adjusted to compensate for any factors (such as unusual weather) that abnormally affected prices and market conditions.

In fixing their individual orientation prices for the year within the Council's limits, Member States took into account their own prospects for beef production and consumption and their market situations for milk and milk products. The limits themselves reflect the EEC Council's view of what would be a desirable trend for beef production within the Community as a whole during the year. For example, the upper limit for mature cattle was raised somewhat, with the aim of stimulating beef production to help satisfy the growing demand for beef in the Community. However, although cattle market quotations in all six countries exceeded this upper liimt at the time, the six governments chose to fix their 1964-65 orientation prices below it, and this is expected to encourage imports from third countries.

EEC ORIENTATION PRICES FOR SLAUGHTER CATTLE AND CALVES, MARKETING YEAR BEGINNING APRIL 1, 1964
(Live weight)

Country	Cattle	Calves
	Dollars per 100 lb.	*Dollars per 100 lb.*
West Germany	25.401	38.012
France	25.061	36.741
Italy	25.401	37.422
Netherlands	24.948	35.721
Belgium	25.401	35.381
Luxembourg	26.195	38.556

How import levies are set

For use in determining the applicability and size of the variable import levy, the EEC Commission each week establishes a *minimum import price,* based on representative market quotations for adult cattle in Denmark (Oxexport), the United Kingdom (average of 64 auction markets), and Ireland (Dublin). On the basis of these quotations, a "world price" is calculated, weighted as follows: Denmark, 50 percent; the United Kingdom, 30 percent; Ireland, 20 percent. The United Kingdom was selected because quotations there correspond rather closely to world prices. Ireland and Denmark were included because of the volume of their exports to the EEC. In establishing the import price, the Commission also included a small transportation charge, which for Italy is slightly higher than for the other five EEC countries.

To illustrate the calculation of an import price, let us assume an average Danish cattle price of $19.52 per 100 pounds, with $19.75 for the U.K. price and $17.70 for the Irish. Applying the percentages indicated would give a weighted "world price" of $19.23; adding a transportation charge of 80 cents would result in an import price of $20.03.

If the week's import price, plus the customs duty, is less than the importing country's orientation price, the difference is imposed in the form of an *import levy*. However, the levy is not to be imposed at all if the average market price being quoted in the importing country is more than 5 percent above its orientation price. The levy is to be imposed at only half the calculated rate if the domestic market price is equal to the orientation price or up to 5 percent higher. Currently, cattle prices in most EEC countries are higher than the established orientation prices.

MARKET PRICES IN EEC COUNTRIES FOR CATTLE FOR THE WEEK OF NOVEMBER 30, 1964

Cattle	Belgium	Germany	France
	Dol. per 100 lb.	*Dol. per 100 lb.*	*Dol. per 100 lb.*
Market price	28.917	29.030	26.876
Orientation price	25.401	25.401	25.061
Market price as percent of orientation price	*Percent* 113.8	*Percent* 114.3	*Percent* 107.2

Cattle	Italy	Luxembourg	Netherlands
	Dol. per 100 lb.	*Dol. per 100 lb.*	*Dol. per 100 lb.*
Market price	31.865	27.216	26.082
Orientation price	25.401	26.195	24.948
Market price as percent of orientation price	*Percent* 125.4	*Percent* 103.9	*Percent* 104.5

The import price quoted by the EEC for the week of November 30 was $20.185 for all countries except Italy, where it was $20.752 because of the difference in transportation charges. During this particular week, market prices in both the Netherlands and Luxembourg dropped to slightly less than 5 percent above their orientation prices. Therefore, the levy system was implemented in these two countries. For the Netherlands, the levy was calculated as follows:

1. Orientation	$24.948
2. Import price	20.185
3. Duty (import price x 11.1 ad valorem)	2.240
4. Import price plus duty	22.425
5. Full import levy (1 minus 4)	2.523

Since, for this particular week, market prices in the Netherlands dropped to between 100 and 105 percent of that country's orientation price (104.5), only one-half the calculated levy was put into effect—$1.261.

On December 4, the Netherlands Livestock Product Board announced that Dutch cattle prices had increased to more than 5 percent above the orientation price and as a result import levies on cattle and beef were being suspended. However, prices dropped again, and the suspension lasted only until December 14.

Levies on dressed beef and veal (fresh, chilled, and frozen) are established by applying a series of factors and coefficients which reflect the difference between the value of live animals and that of carcasses and cuts.

Controls on intra-EEC trade

Trade in cattle and beef within the Community, under the new policy, is regulated in two ways: By import duties, which will be phased out by December 31, 1969, and by intra-Community levies.

(Continued on page 16)

Benefits of Foreign Trade Team Visits Depend On Broad-Based Planning by Sponsoring Group

U.S. Feed Grains Council's Director in West Germany Dr. Egon Schoel, after accompanying a West German feed grains team on a trip to the United States, gave his views on planning effective team trips at a recent USFGC conference. This is a summation of his remarks.

Inviting foreign trade teams to visit the United States is a type of customer service that will be assuming a greater importance as competition stiffens among world suppliers of agricultural products.

This approach to market development enables overseas customers to tap the vast store of U.S. knowledge and know-how concerning the commodities they buy from us. Team trips also perform the vital function of demonstrating to importers and users that the United States is genuinely interested in getting their business.

The advantages to be gained from team trips, however, can be realized only through careful planning by the sponsoring U.S. commodity organization. It would be unwise to make the sizable capital outlay until the sponsor has clearly established the trip objectives, criteria for selecting team members and the itinerary, and procedures for evaluating trip results.

Trip objectives

Why is the trip being arranged? Objectives may include: to start market development activities in a particular country; to strengthen present trade contacts who might, for instance, become foreign cooperators; to familiarize government officials and trade leaders with American techniques of production, marketing, and product utilization; and to establish personal relationships between U.S. and foreign tradesmen.

Whatever the objectives, they should be explained to all individuals in the United States who will meet the foreign visitors, so that discussions will be geared toward the objectives.

Regarding the selection of team members, our experience has been that the team should consist of not more than six persons, so chosen because they will help the sponsoring organization achieve its goals. For our recent team visit, for example, the Feed Grains Council invited representatives of the Central Grain Trade Association, and the Feed Mixers Association, a grain importer and a grain broker—individuals who would be helping us carry out certain new market development projects in our West German program.

Selecting compatible team members is also a consideration; someone who does not "fit" can spoil the entire trip. This part of the preparation must be handled diplomatically. Since many will want to make the visit and only few can be chosen, the sponsor can easily make enemies at the same time that he tries to win friends.

The itinerary, of course, will reflect the objectives of the trip, but in making the plans be sure to consult team members for preferences they may have, providing these places fit into the trip goals.

The final evaluation of the trip is based on how team members apply the newly acquired know-how in their own country, the extent to which they put into practice, for example, new methods of feed mixing and feeding.

Team members' reports

While such an evaluation cannot be made immediately, the sponsoring organization can get an early indication of trip results through an analysis of reports submitted by team members.

They should be told from the outset that they are expected to report their observations and appraisals, since the purpose of the trip is really to learn how to better satisfy our customers.

Reports on our recent trip, for example, revealed that—among other

(Continued on opposite page)

Team Visit Generates Publicity for U.S. Wheat in Japan

The visit to this country of a team of Japanese baking officials touched off a chain reaction of "deepened and improved understanding of the United States and of U.S. wheat" among thousands of wheat users in Japan, according to a survey by Western Wheat Associates to assess the impact of a market development trip upon the team's return to home base.

Six directors of the All Japan Bakers Association—who this past spring made a 2-month inspection tour of the U.S. wheat industry—were asked about post-trip speeches and other reporting activities growing out of their visit.

This was the first followup survey of its kind conducted by Wheat Associates, which considers the sponsoring of trade team visits to be one of the strongest planks in its Japanese program.

Representative of replies to the survey are those of Giichi Ihara, President of the Maruya Bakery and of the Gifu-ken School Lunch Bakery Association, and Kazuhiro Ooguroya, President of the Otauru Baking Company.

Mr. Ihara said a heavy schedule of speaking engagements between May and August left little time to devote to his baking operation. Audiences totaled over 2,000 persons, including many of the participants in Wheat Associates' bakers training program that provides instruction on the use of flour blends containing U.S. wheat.

Mr. Ihara told bakers that increased efficiency—the key to a modernized Japanese baking industry—can be brought about through the use of U.S.-type baking equipment and U.S. quality control techniques.

Mr. Ooguroya gave talks about the U.S. baking industry and school lunch program on an average of twice each week from May through August. Keynote of his addresses to bakers was that they should buy more of their bread wheat requirements from the United States.

Mr. Ooguroya has also published numerous newspaper articles as part of what he calls "publicity activity for the United States." A recent article on his impressions of the U.S. economy appeared in one of Japan's largest newspapers with a circulation of around 870,000 readers.

Plus Poultry, Inc., Gets "E" Award for Success in Upping Export Sales

Plus Poultry, Inc.—processors of the Town and Country poultry brand—received this month the Presidential "E" Award for increasing U.S. export sales of frozen poultry products. During the award ceremonies, Assistant Secretary of Agriculture George L. Mehren pointed out that the Arkansas firm's nine-fold increase in exports was eloquent testimony to its foreign promotion efforts. These efforts and their results are outlined by M. H. Simmons, president of the firm.

At award ceremonies: (r-l) George L. Mehren, USDA Assistant Secretary, M. H. Simmons of Plus Poultry, and Clarence R. Eskildsen, FAS Assoc. Administrator.

Our export growth is evidenced by the increasing number of countries buying, and poundage sold, in export markets over the past 4 years. To the original five countries purchasing Town and Country chickens in 1960—West Germany, Hong Kong, Singapore, Gibraltar, and Switzerland—we have, through market promotion and evaluation, added Japan, Italy, Belgium, and Libya.

Poundage shipped abroad has also increased markedly; in 1960 exports represented less than 1 percent of Plus Poultry's production, in 1962 they represented over 9 percent.

This growth we attribute to the company's ability to provide an excellent product that is competitively priced in foreign markets.

Western Europe—particularly West Germany—has been our best market and continues to be so in spite of present restrictive EEC tariffs on U.S. poultry. Plus Poultry expects to maintain the consumer acceptance it has established in Europe by continuing to ship a high-quality, well-packaged, and efficiently priced bird. For this reason, the company carries on a number of trade promotion activities on the premise that they are maintaining sales in spite of high tariffs, and will eventually expand them.

We recently opened two important new European markets. In 1962, we exported to Italy 60,613 pounds of chickens, over half the United States' total 1962 exports to that country. Last year, we began business in Belgium, another European market with much potential.

Our company has left no stone unturned in searching for new markets outside Europe; hence our increasing emphasis on the Far East.

In 1961 we started market promotion in Japan, anticipating the restrictive tariffs that went into effect in EEC countries the following year and the resultant falling off in our exports there. Our efforts have met with much success. The volume of business in Japan nearly doubled in 1962 over 1961—and we expect it will increase from here on out.

Modern advertising, display, and selective distribution have played a big role in helping the company penetrate the Japanese market. We maintain strict product identification in our Japanese promotion to make sure customers identify our brand with consistent high quality; in this manner, we insure repeat business. Our participation in the Tokyo Trade Fairs in 1962 and again in 1963 was quite successful in securing orders.

Nor did we rely on this promotional-type program solely. Not long ago the company sponsored the study visit of a prominent Japanese processor to its Siloam Springs plant. There he learned techniques we believe will stand him in good stead in preparing and merchandising Town and Country poultry upon his return.

Other foreign markets we have cultivated are Hong Kong and Singapore—both good customers for cut-up parts—and lately, Libya. Libya purchased poultry from us for the first time in 1963, which we hope will be a breakthrough in establishing regular sales in the North African area.

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things—the West German grain trade wants more information about the benefits and techniques of the U.S. grading system. The reports also made recommendations on how we can improve future trips—namely, that points visited should be comparable to the situation in West Germany. We found too that an inspection of huge grain elevators gave visitors the false impression that we want to overwhelm them with our production capabilities.

To derive maximum benefits from team trips, the sponsor should plan followup activities. Members should be encouraged to publish articles, and to relate their experiences over radio and TV. A member of the West German feed grains team, for example, wrote an article on the utilization of grain sorghums in feeds that got wide distribution in reprints; another published a magazine article entitled "The U.S. know-how To Export Grains."

Contacts with team members once made should be maintained through meetings and personal visits by the country director. Public relations can also be strengthened by giving each team member bound copies of the trip reports—in his language and in English—as a memento of the trip, and for future reference.

Canada Sells Wheat to East Germany

The Canadian Wheat Board recently announced the sale of 75,000 metric tons (2.8 million bu.) of wheat to East Germany. Shipment is to be during April-July 1965.

This is the second sale made under a long-term agreement with East Germany for 1964-67 and completes the first-year commitment for 9.2 million bushels. The agreement provides for the sale of 27.6 million bushels, to be shipped in equal amounts during each of the 3 crop years. Terms are 25 percent cash at shipment with the balance payable in 18 months.

Brazil, Argentina Conclude Wheat Agreement

Brazil and Argentina signed on November 10 an agreement providing for a continuation of the previous level of Argentine wheat exports to Brazil—1 million metric tons. Argentina requested a larger quota, but this was made contingent on its increasing purchases of Brazilian products.

The new agreement covers 1965, 1966, and 1967, with provision for review during July 1965 and during the first quarter of each succeeding year.

Greek Tobacco Exports at 1963 Level

Greek exports of unmanufactured tobacco in January-September 1964 totaled 64.9 million pounds—about the same as in the first 9 months of 1963.

The United States was the largest purchaser of Greek leaf this year, taking 21 million pounds. West Germany took 6.6 million pounds, the Soviet Union 6.2 million, Italy 6.2 million, and Poland 5.1 million. In view of a new commercial agreement between Greece and the Soviet Union, signed on October 13, 1964, it is likely that Greek exports of tobacco to the Soviet Union will rise considerably over the next few years.

GREEK EXPORTS OF TOBACCO

Destination	January-September		
	1962	1963	1964
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States	7,075	29,178	21,004
Germany, West	4,026	6,717	6,600
Italy	6,916	4,416	6,248
Soviet Union	7,659	7,985	6,235
Poland	3,075	2,405	5,141
Egypt	1,885	981	3,352
Czechoslovakia	2,449	2,326	2,283
Switzerland	3,818	681	1,864
Hungary	1,327	547	1,785
Others	10,959	9,064	10,365
Total	49,189	64,300	64,877

Tobacco Intelligence, London.

Italy's Tobacco Imports, Exports Down

Italy's imports of unmanufactured tobacco in January-June 1964, at 29.1 million pounds, were down 21 percent from the 37.0 million imported in the first half of 1963. Major suppliers of leaf tobacco to the Italian market in January-June 1964 included Mexico, 8.9 million pounds; Greece, 7.2 million; Indonesia, 3.0 million; and Rhodesia, Zambia, Malawi, 2.6 million.

Exports of tobacco from Italy in the first half of 1964 were 4.3 million pounds—about one-third the 1963 level. Exports to all destinations, except Sweden, were lower than those of a year ago. West Germany continued as the major market this year, taking 2.5 million pounds.

ITALIAN IMPORTS AND EXPORTS OF UNMANUFACTURED TOBACCO

Country	January-June			
	Italian imports		Italian exports	
	1963	1964	1963	1964
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
United States	7,362	2,349	1,124	166
Brazil	7,469	1,658	--	--
Greece	7,681	7,215	--	--
Indonesia	1,634	2,967	--	--
Mexico	6,329	8,851	--	--
Argentina	3,802	([1])	--	--
Rhodesia, Zambia, Malawi	([1])	2,631	--	--
Bulgaria	2,674	([1])	--	--
Germany, West	--	--	6,706	2,508
Sweden	--	--	([1])	275
Switzerland	--	--	1,730	648
Netherlands	--	--	1,721	638
Others	97	3,446	1,254	50
Total	37,048	29,117	12,535	4,285

[1] If any, included in others.

Statistica Mensile del Commercio con L'Estero, June 1963 and 1964.

Rhodesia Joins Commonwealth Sugar Agreement

Rhodesia has now been admitted as a member of the Commonwealth Sugar Agreement. The country will have an annual quota of 25,000 long tons (28,000 short tons) for the period January 1, 1965, to December 31, 1972.

Developments in Argentina's Beef Trade

Argentina's ban on domestic sales of beef on Mondays and Tuesdays, which was scheduled to expire on November 30, has been extended because of continued beef shortages in the country. The prohibition against slaughter of cattle weighing under 220 pounds, live weight, has also been extended.

The government has extended ceiling prices for beef at wholesale and retail levels. The new program, similar to the previous one, does not impose price ceilings on live cattle. Ceilings are based upon a price of 44 pesos per kilogram for live cattle (13 U.S. cents per lb.) and will permit beef prices to be about 5 percent higher than those fixed in mid-year.

French buyers have been in Argentina completing purchases of Argentine frozen beef hindquarters, 2,000 metric tons were scheduled for shipment in December and January.

For December, the National Meat Board increased its quota of chilled beef shipped to Italy, to 2,500 metric tons —from the revised quota of 2,300 authorized for November.

The target for chilled beef shipments to Britain during the first 6 weeks of 1965 has been reduced to 12,800 long tons from about 18,000.

Argentine exports of beef and veal to all destinations in January-September 1964 totaled 792 million pounds,

product-weight basis, or about one-fifth less than in the first 9 months of 1963. Exports of chilled carcasses, manufacturing beef, and canned beef were all sharply below those of a year earlier, but exports of continental-type frozen beef increased.

ARGENTINE EXPORTS OF BEEF AND VEAL
(Product-weight Basis)

Item	January-September 1963	January-September 1964
	Mil. lbs.	*Mil. lbs.*
Chilled	452	299
Frozen:		
Continental type	205	282
Manufacturing type	209	129
Canned	126	82
Total	992	792

Australian Meat Shipments to the United States

Four ships left Australia during the third and fourth weeks of November with 7,331,520 pounds of beef and 486,080 pounds of mutton for the United States.

Ship and sailing date	Destination[1]	Arrival date	Cargo	Quantity
	Western ports			*Pounds*
Lloyd Bakke	Seattle	Jan. 10	Beef	105,280
Nov. 18	Tacoma	11	Beef	33,600
	Portland	13	Beef	109,760
	Los Angeles	21	Beef	580,160
	San Francisco	25	Beef	219,520
Cap Finisterre	Los Angeles	Dec. 12	Beef	907,200
Nov. 24	San Francisco	15	Beef	701,120
			Mutton	56,000
	Tacoma	20	Beef	374,080
	Eastern ports			
Pioneer Reef	Norfolk	Dec. 25	Beef	78,400
Nov. 21			Mutton	22,400
	Boston	27	Beef	123,200
			Mutton	67,200
	New York	29	Beef	165,760
	Philadelphia	31	Beef	51,520
	Baltimore	Jan. 2	Beef	33,600
			Mutton	100,800
Coral Sea	Charleston	Dec. 20	Beef	369,600
Nov. 25			Mutton	94,080
	Norfolk	22	Beef	504,000
	Philadelphia	23	Beef	465,920
	New York	25	Beef	1,783,040
			Mutton	33,600
	Boston	29	Beef	725,760
			Mutton	112,000

[1] Cities listed indicate location of purchaser and usually port of arrival and distribution area, but meat may be diverted to other areas for sale.

Sudanese Cotton Crop To Be Larger in 1964-65

Preliminary estimates place Sudan's cotton crop (1964-65 season) at around 600,000 bales (480 lb. net) from a planted area about equal to last season's 1.1 million acres. If estimates materialize (harvest begins in January), this crop will be nearly 30 percent higher than last season's reduced volume of 469,000 bales, and 4 percent above the annual average for the past 5 seasons of 575,000.

The expected production increase is largely a result of more favorable weather during the planting and harvesting season and, reportedly, more intensive insect and disease control measures.

Exports of cotton from Sudan in 1964-65, despite the larger crop, are likely to be down somewhat from the high levels of the previous two seasons, mainly because of the lower level of stocks at the beginning of the season. During the complete 1963-64 marketing year (August-July), exports amounted to 720,000 bales and in 1962-63, 787,000.

Quantities shipped to principal destinations in the 1963-64 season (comparable 1962-63 figures in parentheses and in thousands of bales) were India 102 (137), West Germany 97 (86), Mainland China 90 (52), the United Kingdom 74 (114), Italy 74 (78), Japan 74 (57), Yugoslavia 32 (14), the United States 29 (15), France 28 (35), the USSR 18 (82), Rumania 17 (22), and Spain 10 (1). Shipments to Communist countries accounted for 22 percent of total exports, compared with 26 in 1962-63.

Offering prices for Sudanese cotton have held relatively steady the past 2 months, at levels around 10 cents a pound above those prevailing a year ago. The price increases are attributed primarily to a strong demand for extra long staple cottons and insufficient supplies because of smaller-than-normal crops in 1963-64.

Morocco's Olive Oil, Flaxseed Production Increases

Morocco is expecting sharp increases in its production of olive oil and flaxseed.

MOROCCAN AREA AND PRODUCTION OF OILSEEDS AND OLIVE OIL

Commodity	1963 Area	1963 Production	1964[1] Area	1964[1] Production
	Hectares	*Metric tons*	*Hectares*	*Metric tons*
Sunflowerseed	10,300	8,700	7,965	5,858
Sesameseed	700	21	947	209
Peanuts	470	560	400	400
Olive oil	[2]159,000	18,000	[2]170,000	26,000
Flaxseed	10,715	[3]5,622	24,510	[4]15,514

[1] Preliminary. [2] Area in olive-bearing trees. [3] Equivalent to 221,000 bushels. [4] Equivalent to 611,000 bushels.

Crop Statistics, Office of Statistics, Ministry of Agriculture, Rabat.

Olive oil production in 1964-65 is estimated at 26,000 metric tons, more than 40 percent larger than last year's outturn, reflecting a normal "on-year" increase as well as some increase from new trees coming into production.

Flaxseed production in 1964 is placed at 15,500 tons (221,000 bu.), one-fourth from last year's low outturn.

Production of sesameseed, although relatively small, also is expected to increase sharply this year from last year's small output, but the sunflower and peanut crops probably will decline substantially.

Philippine Exports of Desiccated Coconut

Registered shipments of desiccated coconut from the Philippines in November 1964 totaled 5,262 short tons, against 6,580 in October and 6,053 in November 1963.

Shipments during January-November 1964 amounted to 63,530 tons compared with 67,567 in the same period of 1963. Of this amount, 52,189 tons, 4,039, and 3,413 were shipped to the United States, Australia, and Canada, respectively, against 55,499, 3,334, and 2,926 last year.

U.S. Tung Oil Imports Rise

October imports of tung oil into the United States, at 2,944,937 pounds, were up sharply from the 528,429 imported in September.

Imports by country of origin in October together with volume indicated were Argentina 1,657,164 pounds; Paraguay 1,175,573, and Nyasaland 112,200. Cumulative gross imports in the November-October 1963-64 year totaled 29.5 million pounds compared with 20.3 million in 1962-63. This 45-percent rise in imports is accounted for largely by the sharply lower prices this year than in 1962-63.

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EEC Beef and Cattle Regulations

(Continued from page 11)

If an EEC country is supporting its own cattle prices by intervention on its market, it may apply a levy on imports from other EEC countries, to raise the price of the imported product (plus the duty) to 96 percent of the orientation price. If it is not intervening, it may charge only a levy high enough to bring the price of the imports up to 90 percent of the orientation price. With a combination of low orientation prices and high current market prices such as Western Europe experienced in 1964, there would be no levies at all on intra-EEC imports.

During the transitional period, Member States may take any safeguard measure necessary when imports cause, or threaten to cause, a serious disruption of the domestic market. Any such measure, however, must be approved by the Commission.

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